

TOWNSHIP OF MELLE

GENERAL PURPOSE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

YEAR ENDED MARCH 31, 2006

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name MELLEN TOWNSHIP	County MENOMINEE
Audit Date MARCH 31, 2006	Opinion Date JUNE 29, 2006	Date Accountant Report Submitted to State: JUNE 29, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

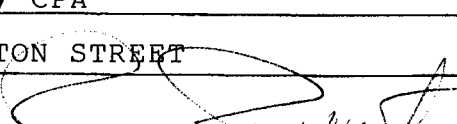
Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 617 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			

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June 29, 2006

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board
Township of Mellen
County of Menominee, Michigan

I have audited the accompanying general purpose financial statements of the Township of Mellen, County of Menominee, Michigan, as of and for the year ended March 31, 2006, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The general purpose financial statements referred to above do not include the general purpose fixed assets account group which should be included to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed asset account group is not known.

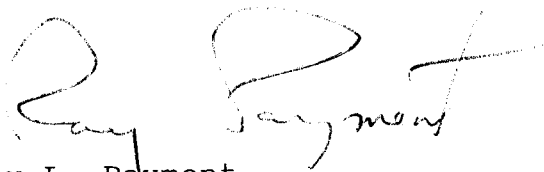
Management has not presented government-wide statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The statements for the Township's governmental activities and business-type activities are not reasonably determinable.

INDEPENDENTS AUDITOR'S REPORT (Continued)

In my opinion except for the effects on the general purpose financial statements of the omission described in the preceding two paragraphs, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Mellen Township, County of Menominee, Michigan as of March 31, 2006, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles in the United States of America.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the general purpose financial statements of the Mellen Township, County of Menominee, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated June 29, 2006 on my consideration of the Mellen Township, County of Menominee, Michigan's internal control structure and a report dated June 29, 2006 on its compliance with laws and regulations.

A handwritten signature in dark ink, appearing to read "Ray L. Payment", with a stylized flourish at the end.

Ray L. Payment
Certified Public Accountant

MELLEN TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES
MARCH 31, 2006

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Trust and Agency</u>
<u>ASSETS</u>			
Cash	\$ 303 029	\$ -	\$ 47 740
Delinquent property taxes receivable	<u>2 978</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 306 007</u>	<u>\$ -</u>	<u>\$ 47 740</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable & withheld taxes	<u>\$ 92 948</u>	<u>\$ -</u>	<u>\$ 738</u>
Total liabilities	<u>92 948</u>	<u>-</u>	<u>738</u>
Fund Balances:			
Reserved for perpetual care	-	-	47 002
Designated for equipment	50 200	-	-
Unreserved and undesignated	<u>162 859</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>213 059</u>	<u>-</u>	<u>47 002</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 306 007</u>	<u>\$ -</u>	<u>\$ 47 740</u>

The accompanying notes are an integral
part of these general purpose financial statements.

MELLEN TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL TYPES
Fiscal Year Ended March 31, 2006

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Taxes	\$ 35 533	\$ -
State shared revenue	86 934	-
Rent	600	-
Reimbursements and miscellaneous	24 871	-
Burial fees	-	2 840
Interest	7 654	-
Total revenues	<u>155 592</u>	<u>2 840</u>
Expenditures:		
Current:		
General government	77 322	-
Public safety	62 184	-
Highways & roads	20 986	-
Cemetery	-	7 794
Recreation	5 649	-
Total expenditures	<u>166 141</u>	<u>7 794</u>
Excess of revenues (under) expenditures	(10 549)	(4 954)
Other financing sources:		
Operating transfer in	<u>-</u>	<u>4 954</u>
Excess revenue and other financing sources (under) expenditures and other uses	\$(10 549)	\$ -
Fund balance, April 1, 2005	<u>223 608</u>	<u>-</u>
Fund balance, March 31, 2006	<u>\$ 213 059</u>	<u>\$ -</u>

The accompanying notes are an integral
Part of these general purpose financial statements.

MELLEN TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
Fiscal Year Ended March 31, 2006

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 28 500	\$ 35 533	\$ 7 033
State shared revenues	62 000	86 934	24 934
Rent	700	600	(100)
Reimbursements and miscellaneous	375	24 871	24 496
Burial fees	-	-	-
Interest	8 000	7 654	(346)
Total revenues	<u>99 575</u>	<u>155 592</u>	<u>56 017</u>
Expenditures:			
Current:			
General government	107 075	77 322	29 753
Public safety	66 550	62 184	4 366
Highways and roads	26 600	20 986	5 614
Cemetery	-	-	-
Recreation and contingencies	18 800	5 649	13 151
Industrial park and landfill	3 700	-	3 700
Total expenditures	<u>222 725</u>	<u>166 141</u>	<u>56 584</u>
Excess of revenues over (under) expenditures	(123 150)	(10 549)	112 601
Other financing sources (uses): operating transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenue and other financing sources over (under) expenditures and other uses	<u>\$(123 150)</u>	<u>\$ (10 549)</u>	<u>\$ 112 601</u>
Fund balance, April 1, 2005	<u>223 608</u>	<u>223 608</u>	<u>-</u>
Fund balance, March 31, 2006	<u>\$ 100 458</u>	<u>\$ 213 059</u>	<u>\$ 112 601</u>

The accompanying notes are an integral
part of these general purpose financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
3 500	2 840	(660)
-	-	-
-	-	-
<u>3 500</u>	<u>2 840</u>	<u>(660)</u>
-	-	-
-	-	-
-	-	-
15 900	7 794	8 106
-	-	-
-	-	-
<u>15 900</u>	<u>7 794</u>	<u>8 106</u>
(12 400)	(4 954)	7 446
<u>12 400</u>	<u>4 954</u>	<u>7 446</u>
\$ -	\$ -	\$ -
-	-	-
\$ -	\$ -	\$ -

MELLEN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
NON-EXPENDABLE TRUST - CEMETERY
Fiscal Year Ended March 31, 2006

Revenues:	
Lot sales and perpetual care	\$ 12 160
Interest	<u>2 782</u>
Total revenues	<u>14 942</u>
Operating transfers (out)	<u>(4 954)</u>
Net income (loss)	<u>9 988</u>
Fund balance - April 1, 2005	<u>37 014</u>
Fund balance - March 31, 2006	<u>\$ 47 002</u>

The accompanying notes are an integral
part of these general purpose financial statements.

MELLEN TOWNSHIP
STATEMENT OF CASH FLOWS -
NONEXPENDABLE TRUST - CEMETERY
Fiscal Year Ended March 31, 2006

Cash flows (outflows) from operating activities:	
Net income (loss)	\$ 9 988
Cash at beginning of year	<u>37 014</u>
Cash at end of year	<u>\$ 47 002</u>

The accompanying notes are an integral
part of these general purpose financial statements.

MELLEN TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Mellen Township, Michigan have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Township are described below:

A. Reporting Entity

The Township operates under an elected board of five (5) members and provides services to its more than 1,180 residents. Certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

Education services are provided to residents through the local school districts which are separate governmental entities.

B. Basis of Presentation

The accounts of the Township are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The following fund types and account groups are used by the Township.

Governmental Funds

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue fund included in this report is cemetery operations.

MELLEN TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Continued

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Trust Fund consists of the cemetery nonexpendable trust fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Fund consists of the current tax collection fund.

Account Groups

Account groups are used to establish accounting control and accountability for the Township's general fixed assets and long-term obligations. The following are the Township's account groups:

General Fixed Assets - The Township does not maintain this group of accounts.

General Long-Term Obligation - The Township has no long-term obligations.

C. Measurement Focus and Basis of Accounting

Measurement Focus

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets and their reported fund balance is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not

MELLEN TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus and Basis of Accounting - Continued

recognized as governmental fund types expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Obligation Account Group.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables.

All Nonexpendable Trust Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available (susceptible to accrual). Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Nonexpendable Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

D. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

MELLEN TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Budgets and Budgetary Accounting - Continued

- 1) Prior to March 31, the board members propose a budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) During April, the Township's annual meeting is held and the budget is discussed.
- 3) Prior to May 1, the budget is legally enacted through passage of an ordinance.
- 4) All transfers of budgeted amounts between departments within any fund and any revisions that alter the total expenditures of any fund must be approved by the board.
- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

E. Cash

Cash includes amounts in time and demand deposits.

State statutes authorize the governing body of a Township or an agency, board or commission of a Township to invest surplus funds in direct obligations of the United States Treasury, in deposit and savings accounts of any federally-insured bank, savings and loan or credit union, commercial paper United States repurchase agreements, bankers acceptances of U.S. banks, in certain mutual funds, and in investment pools.

F. Property Taxes

Property taxes are levied on December 1 and are due on February 1. The Township bills and collects its own property taxes along with billing and collecting for the county and local school districts. Collections of county and school taxes and remittance of them is accounted for in an Agency Fund - Current Tax Collection Fund. The levy dates for the county and school taxes is December 1.

MELLEN TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Fund Balance

Fund balances are segregated into three separate classifications.

Reserves represent the portion of fund balances which may not be appropriated for expenditure or have been segregated for specific future uses by legal mandate.

Designations of fund balances represent tentative plans by the Township for financial resources utilization in a future period as documented in the minutes or budgeting process. Such plans are subject to change from original authorizations and may never result in expenditures.

Undesignated fund balance represents the amount available for appropriation after reservations and designations. It also is a measurement of current working capital position.

NOTE 6 - DELINQUENT PROPERTY TAXES RECEIVABLE

The delinquent real property taxes of the Township are purchased by the County of Menominee. The County intends to sell tax notes, the proceeds of which will be used to pay the Township for these property taxes. This took place in May 2006. These taxes have been recorded as revenue for the current year.

NOTE 3 - CASH

The General Fund and Cemetery Fund have a pooled bank account. All other funds account for their transactions through separate and distinct bank and investment accounts.

Deposits - Deposits in bank are insured by the federal deposit insurance corporation (FDIC) in the amount of \$100,000 for demand and time deposits. At year end, the carrying amount of the Township's deposits were \$350,769. Of the bank balance \$200,000 was covered by FDIC insurance and \$150,769 was uninsured. No amounts have been collateralized.

MELLEN TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 4 - FUND BALANCE

The Township records reserves to indicate that a portion of the fund balance is legally segregated for specific future use. The Township also records designations to indicate that there are tentative plans to use fund balances for future uses. The reserved and designated portion of fund balance are as follows:

Perpetual care - Represent legally segregated nonexpendable trust account for the care of the cemetery.	\$ 47,002
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Fund balance designated for:

Capital projects - Represent amounts designated by management for the purpose of equipment	\$ 50,200
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NOTE 5 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 6 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township purchases insurance coverage through a carrier. This plan purchases reinsurance for all risks. The Township's expenses is to pay only the annual premium. In addition, the Township purchases worker's compensation insurance.

NOTE 7 - PENSION PLAN

The Township provides pension benefits for its officers and employees through a defined contribution plan through the Municipal Retirement Systems, Inc.

At March 31, 2006 there were six employees vested in the plan. Participants are vested immediately in an individual flexible annuity. The plan was started in lieu of paying social security on officers' wages.

The contribution rate for the Township is 12 percent of each employee's wage and is funded by the Township. The total cost of the plan for the year was \$5,851.

MELLEN TOWNSHIP
COMBINING BALANCE SHEET - ALL TRUST AND AGENCY FUNDS
Fiscal year Ended March 31, 2006

	Non- Expendable Trust Fund <u>Cemetery</u>	Agency <u>Funds</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash	\$ 47 002	\$ 738	\$ 47 740
TOTAL ASSETS	<u>\$ 47 002</u>	<u>\$ 738</u>	<u>\$ 47 740</u>
<u>LIABILITIES</u>			
Due to Governmental Agencies	\$ -	\$ 738	\$ 738
Total liabilities	<u>-</u>	<u>738</u>	<u>738</u>
Fund Balance:			
Reserved for perpetual care	<u>47 002</u>	<u>-</u>	<u>47 002</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 47 002</u>	<u>\$ 738</u>	<u>\$ 47 740</u>

MELLEN TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Fiscal Year Ended March 31, 2006

<u>CURRENT TAX COLLECTION FUND</u>	Balance April 1, 2005	<u>Additions</u>	<u>Deductions</u>	Balance March 31, 2006
 <u>ASSETS</u>				
Cash	\$ 736	\$ 666 747	\$ 666 745	\$ 738
	\$ 736	\$ 666 747	\$ 666 745	\$ 738
	<hr/>	<hr/>	<hr/>	<hr/>
 <u>LIABILITIES</u>				
Due to general fund	\$ -	\$ 36 420	\$ 36 392	\$ 28
Due to other governmental agencies	<u>736</u>	<u>630 327</u>	<u>630 353</u>	<u>710</u>
	\$ 736	\$ 666 747	\$ 666 745	\$ 738
	<hr/>	<hr/>	<hr/>	<hr/>

MELLEN TOWNSHIP
SCHEDULE OF EXPENDITURES - GENERAL FUND
Fiscal Year Ended March 31, 2006

GENERAL GOVERNMENT

Township Board:	
Salaries - trustees	\$ 1 870
Payroll taxes	390
Printing & publication	685
Insurance	10 551
Miscellaneous & dues	1 965
Audit and professional services	1 575
Community promotion and rescue squad	1 000
Retirement	<u>5 851</u>
TOTAL	<u>23 887</u>
Supervisor:	
Salary	6 500
Supplies and miscellaneous	<u>74</u>
TOTAL	<u>6 574</u>
Zoning and Board of Review:	
Salaries	<u>845</u>
TOTAL	<u>845</u>
Clerk:	
Salaries	6 750
Supplies	768
Mileage and miscellaneous	<u>263</u>
TOTAL	<u>7 781</u>
Assessor:	
Professional fees	7 550
Supplies & tax statement preparation	<u>4 740</u>
TOTAL	<u>12 290</u>
Treasurer:	
Salaries	7 500
Supplies	<u>1 723</u>
TOTAL	<u>9 223</u>
Elections:	
Salaries	850
Supplies	<u>87</u>
TOTAL	<u>937</u>

MELLEN TOWNSHIP
SCHEDULE OF EXPENDITURES - GENERAL FUND
Fiscal Year Ended March 31, 2006

Town Hall:	
Salaries	649
Fuel	4 397
Repairs & maintenance	921
Telephone	339
Utilities & street lights	5 839
Equipment & construction	<u>3 640</u>
TOTAL	<u>15 785</u>
TOTAL GENERAL GOVERNMENT	<u>77 322</u>

PUBLIC SAFETY

Fire Department:	
Salaries	1 300
Repair & maintenance	5 578
Insurance	2 493
Equipment and fire truck	52 706
Dues and miscellaneous	<u>107</u>
TOTAL FIRE PROTECTION	<u>62 184</u>

HIGHWAYS AND ROADS

20 986

RECREATION

Township Park:	
Salaries	546
Repairs & maintenance	765
Lights and miscellaneous	401
Equipment	<u>3 937</u>
TOTAL RECREATION	<u>5 649</u>

TOTAL EXPENDITURES

\$ 166 141

MELLEN TOWNSHIP
SCHEDULE OF EXPENDITURES - SPECIAL REVENUE FUND - CEMETERY
Fiscal Year Ended March 31, 2006

CEMETERY OPERATIONS

Current Expenditures:

Salaries	\$ 2 272
Payroll taxes	81
Burials	2 230
Repairs & maintenance	2 953
Utilities	<u>258</u>

Total current expenditures	\$ 7 794
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June 29, 2006

PROFESSIONAL BUILDING
STEPHENSON, MICHIGAN 49887
PHONE: 906-753-4700

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

Mellen Township Board
Mellen Township
Menominee County, MI

I have audited the general purpose financial statements of Mellen Township as of and for the year ended March 31, 2006, and have issued my report thereon dated June 29, 2006. I conducted my audit in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Mellen Township's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.


Internal Control Over Financial Reporting

In planning and performing my audit I considered Mellen Township's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

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relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ray L. Payment
Certified Public Accountant